

United States Senate

WASHINGTON, DC 20510-3704

May 23, 2003

The Honorable W. Robert Pearson
United States Ambassador to Turkey
The Embassy of The United States of America
110 Ataturk Boulevard, Kavaklidere
Ankara, Turkey

Dear Ambassador Pearson:

On behalf of the United States hazelnut industry, I would like to express my concern about the potential modification of the U.S. Generalized System of Preferences (GSP) to provide Turkish hazelnuts preferential access to U.S. markets.

Virtually all of the U.S. production of hazelnuts takes place within Oregon's Willamette Valley, where hundreds of farm families rely on this crop for their livelihood. In recent years, these farmers have suffered as their trees have been infected with Eastern Filbert Blight, which has reduced crop yields and increased costs. Although growers have managed to adapt and respond to this disease, they are in a precarious economic position.

Modifying the GSP to give Turkish hazelnuts preferential access to the U.S. market would likely cause significant hardship for this domestic industry, if not its complete destruction. Turkey produces 80% of the world's supply of hazelnuts and is thus able to compete with industrialized countries even without preferential access to the American market. Moreover, the current tariff treatment of Turkish hazelnuts is intended to at least partially level the playing field: Turkey subsidizes its hazelnut industry, while the U.S. does not, and our regulations allow the importation of Turkish nuts with a lower quality standard than is required for domestic producers. In addition, Turkey has indicated they are currently selling hazelnuts into the U.S. at a cost lower than their cost of production.

The harvest, transportation, processing and marketing of hazelnuts create thousands of jobs and inject millions of dollars into the local economy. Oregon has the nation's highest unemployment rate. This action would cause further economic hardship.

I have asked Ambassador Zoellick to reject preferential access for Turkish hazelnuts into the U.S. because of the impact this access could have on our nation's own producers. Please let me know if I can provide you with any additional information that could assist in the Administration's decision on this matter.

Warm regards,



Gordon H. Smith
United States Senate